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federal emergency management agency

Questions and Answers on the Federal Crime Insurance Program

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FEDERAL CRIME INSURANCE PROGRAM
QUESTIONS AND ANSWERS

Federal Crime Insurance insures against financial losses from burglary and robbery. Policies can be purchased from licensed property insurance agents or brokers and from the Federal Crime Insurance Program's servicing company.

The problem: In many locations, homeowners, tenants, and business men and women find themselves being denied renewals of their crime insurance policies or experiencing difficulty in purchasing new policies. Crime is continuing to rise nationwide.

The solution: The Federal Crime Insurance Program is the answer -- a program which offers federally-subsidized crime insurance to those homeowners, tenants and business owners located in those areas where it has been determined that there is a problem of availability or affordability of insurance through the voluntary market.

The program began in 1971, following Congressional hearings which resulted in legislation passed in 1970 that created Federal Crime Insurance and gave the authority for its administration to the Federal Insurance Administration.

Today, the Federal Insurance Administration, as part of the Federal Emergency Management Agency, makes crime insurance available in states where this insurance is not fully available at affordable rates. The rates for policies in these states are uniform within entire metropolitan areas, and policies are not cancelled because of losses.

Twenty-five states, the District of Columbia, Puerto Rico and the Virgin Islands are participants in the program, and more than 85,000 policies are in force.

August 1980

FEM 1.2:

THE FEDERAL CRIME INSURANCE PROGRAM

Questions and Answers

1. Q. What is the Federal Crime Insurance Program?

   A. The program allows the Federal Government to sell crime insurance at an affordable price in any eligible state. The program became effective August 1, 1971.

2. Q. Where is the program available?

   A. Alabama, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Iowa, Kansas, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia, Washington, Wisconsin, the District of Columbia, Puerto Rico and the Virgin Islands.

3. Q. What types of crime insurance are available and where can it be purchased?

   A. Federal Crime Insurance insures against financial losses from burglary and robbery. Policies can be purchased from licensed property insurance agents or brokers and from the Federal Crime Insurance Program's servicing company.

4. Q. How do other states join the program?

   A. The Federal Government constantly reviews the availability of affordable crime insurance throughout the Nation. Additional states will be added on the basis of evidence from residents and government officials.

5. Q. Who can buy Federal Crime Insurance?

   A. Any property owner, tenant, or business owner in a qualified jurisdiction may buy crime insurance by (a) signing an application and (b) paying either the annual or six-month premium installment at the time of application. To qualify for burglary insurance coverage, the home, apartment or business must meet the protective device requirements of the program referred to in questions 14-17. These requirements do not apply to those commercial policies which cover robbery only.

6. Q. Where are application forms available?

   A. Federal Crime Insurance applications are available from any licensed property insurance agent or broker in an eligible jurisdiction. In addition, applications and information about the program may be obtained by calling toll free:

800-638-8780

NOTE: If you call from the DISTRICT OF COLUMBIA METROPOLITAN AREA (District of Columbia; Alexandria, Arlington and Fairfax Counties, Virginia; Prince Georges and Montgomery Counties, Maryland) you must call 652-2637. From all other communities in MARYLAND you should call collect (301) 652-2637.

Information can also be obtained in writing:

Federal Crime Insurance
P.O. Box 41033
Washington, D.C. 20014

** For the fastest service, all applications and premium payment checks should be mailed only to the special post office address above.**

7. Q. What kinds of criminal acts and losses are covered by Federal Crime Insurance?

A. 1) Burglary means stealing property from within a house or store, which has been forcibly entered. There must be identifiable marks of forced entry, such as a smashed door, at the place of entry, otherwise, burglary claims will not be paid.

2) Robbery means stealing personal property from the victims by violence or threat of violence both inside and outside the home or business.

3) Damage to the home or business occurring during a burglary or robbery, or attempted burglary or robbery is covered.

4) The theft from a night depository, or burglary of a safe is covered under a commercial policy against burglary. There is a $5,000 limit on losses for safes of less than Class E quality (i.e., steel safes with walls at least 1 inch thick and doors at least 1½ inches thick).

8. Q. How much insurance may an individual buy?

A. Household insurance protection may be purchased in amounts up to $10,000. Business insurance may be purchased in amounts up to $15,000. These limits apply to each individual loss.

9. Q. Can an applicant choose to be insured against robbery only or burglary only?

   A. The household insurance policy is a combination package and is not sold in separate parts.

   However, a business applicant can purchase robbery insurance only; or burglary insurance only; or a combination of both.

10. Q. Are claims paid in full?

   A. a) Claims under the personal household policy are subject to a deductible of $50 or 5 percent of the gross amount of the loss, whichever is greater.

   b) Claims under the business policy are subject to minimum deductibles which vary according to the annual gross receipts of the insured, as shown in the following table, or to 5 percent of the gross amount of the loss, whichever is greater:

Gross Receipts	Deductible
Less than $100,000	$ 50
$100,000 - $299,000	100
$300,000 - $499,000	150
$500,000 or over	200

   The deductible for non-profit or public property risks is $50 or 5 percent of the gross amount of the loss, whichever is greater.

11. Q. What kind of personal property is covered?

   A. a) The household policy insures against financial loss of all personal property with a limitation of $500 aggregate per occurrence for loss of jewelry including watches, necklaces, bracelets, rings, gems, precious and semi-precious stones, and articles of gold, silver or platinum, including flatware and holloware, furs, fine arts, antiques, coin or stamp collections. It also covers up to $100 of cash and up to $500 of securities.

   b) The business policy insures against burglary and larceny of merchandise, furniture, fixtures and equipment; and against stealing of money, securities, and merchandise by burglary of a safe; and against robbery of money, securities, merchandise, fixtures and equipment.

12. Q. How does a property owner or tenant report claims for losses?

   A. Losses which are more than the $50 deductible must be reported to the agent who accepted the application or directly to the servicing company at the toll-free telephone number 800-638-8780 within 60 days of the loss.

   In addition, a loss must have been reported to the local police.

13. Q. Can policies be cancelled or not renewed because the policyholder has reported losses?

    A. No. The program was created to make crime insurance more readily available in areas where people have been unable to buy or renew crime insurance protection. It will not be denied to any qualified policyholder because of the number of or amount of claims.

    However, coverage can be refused or cancelled and claims denied if false statements are included on applications or in claims.

14. Q. Are protective devices required on homes or apartments before they qualify for Federal Crime Insurance?

    A. Yes. For a household property to be eligible for Federal Crime Insurance, its outside doors, other than sliding doors, must have either a dead bolt, or a self-locking dead latch. (The term "dead bolt" refers to bolts which cannot be made to open except by turning a knob or key. Horizontal or vertical dead bolts provide far better security than a self-locking dead latch. The longer the bolt, the less chance there is the door can be forced open.

    All sliding doors and windows opening onto stairways, porches, platforms or other areas giving easy access to the inside of the household, must also be equipped with some type of locking device.

15. Q. How does an applicant know if a household meets protective device requirements?

    A. A preinspection is not made on residential premises. However, the insured's first claim will be honored if there are visible signs of forcible entry. An inspection will be made at that time and the insured will be given written notice of any deficiciency which should be corrected.

16. Q. What security devices are required on a business property before it is eligible for Federal Crime Insurance?

    A. For a business property to qualify for insurance against burglary, all doors, doorways, and accessible openings must be adequately protected during nonbusiness hours. Business security requirements are more extensive than those for household properties and vary by types of business.

17. Q. How can a business applicant know if his property meets the protective device requirements?

A. There will be an actual inspection of the location to be insured for every new potential business policy including burglary coverage. These policies will be issued only if the property meets the requirements. If the property fails to meet the requirements, the inspector will tell the applicant what must be done to qualify. After a business location has been inspected and a policy issued, claims for losses will be paid provided the policyholder has not removed or changed the protective devices previously approved by the inspector. Policies on all locations meeting the protective device requirements become effective at noon on the day following the date of a U.S. affixed postmark or proof of Certified or Registered mailing. In the absence of such postmark the policy is effective at noon following the date of receipt by the servicing company unless a later date is specified on the application.

18. Q. What are the rates for household coverage?

A. Annual rates for household crime insurance coverage are the following:

Amount of Coverage	Annual Premium
$ 1,000	$40
3,000	50
5,000	60
7,000	70
10,000	80

19. Q. What are the rates for nonresidential business coverage?

A. Rates are based on the class and location of the business. They reflect the gross receipts from the previous year, and the amount of coverage selected by the insured. Complete details will be supplied by an insurance agent/broker or by calling the toll-free number 800-638-8780.

1) A grocery store with gross receipts under $100,000 would pay annual rates as follows:

Amount of Coverage	Burglary & Robbery In Equal Amounts (Option 1)	Robbery Only (Option 2)	Burglary Only (Option 3)	Burglary Robbery Combination (Option 4)
$ 1,000	$ 120	$ 72	$ 60	
5,000	480	288	240	
10,000	660	396	330	
15,000	690	414	345	

(Option 4 varied amounts of both coverages): Assuming a selection of $1,000 robbery and $5,000 burglary, the premium would be $72 plus $240, or $312.

2) A drug store with gross receipts between $100,000 and $299,999 would pay annual rates as follows (only 1/2 of the shown amount must be paid in advance):

Amount of Coverage	Burglary & Robbery In Equal Amounts (Option 1)	Robbery Only (Option 2)	Burglary Only (Option 3)	Burglary Robbery Combination (Option 4)
$ 1,000	$ 180	$ 108	$ 90	
5,000	720	432	360	
10,000	990	594	495	
15,000	1,035	621	518	

(Option 4 varied amounts of both coverages): Assuming a selection of $1,000 robbery and $10,000 burglary, the premium would be $108 plus $495, or $603.

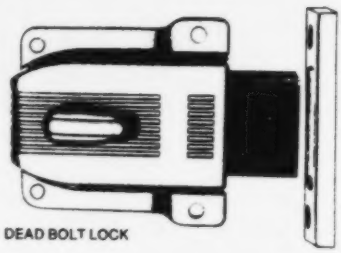
The cost increases for stores with higher gross receipts.

Federal Crime Insurance Program

RESIDENTIAL PROTECTIVE DEVICE REQUIREMENTS

(EXAMPLES OF ACCESSIBLE OPENINGS AND LOCKING DEVICES REFERRED TO IN THE PROTECTIVE DEVICE REQUIREMENTS)

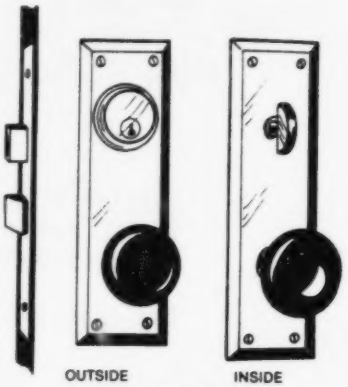
EXTERIOR DOORS AND DOOR LEADING INTO HOUSE FROM GARAGE AREA MUST BE PROTECTED



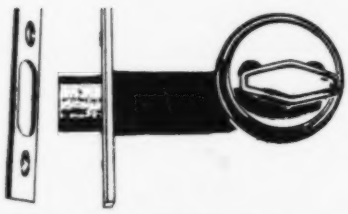
DEAD BOLT LOCK

RESIDENTIAL APARTMENT HOUSE
WINDOWS TO BE PROTECTED BECAUSE FIRE ESCAPE AFFORDS EASY ACCESS
GROUND FLOOR OR BASEMENT WINDOWS MUST BE PROTECTED

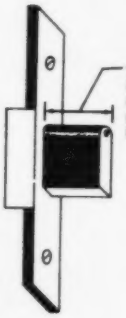
EXTERIOR DOORS OF APARTMENTS LEADING OUTDOORS OR INTO PUBLIC HALLWAY MUST BE PROTECTED



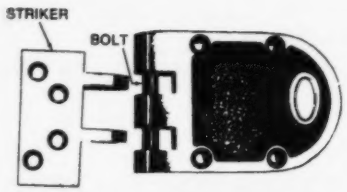
MORTISED DEAD BOLT LOCK
(Recessed into the edge of the door instead of the side)



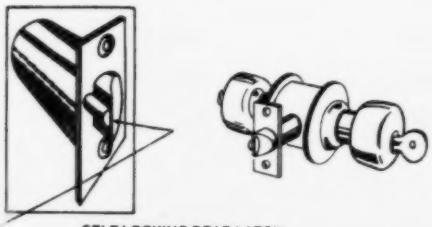
SINGLE CYLINDER DEAD BOLT LOCK, OPERATED BY KEY OUTSIDE AND KNOB INSIDE



THE THROW OF THE LOCK IS ILLUSTRATED BY THE DISTANCE WHICH THE BOLT EXTENDS FROM THE EDGE OF THE DOOR WHEN THE LOCK IS IN A LOCKED POSITION MINIMUM OF ½" FOR RESIDENTIAL

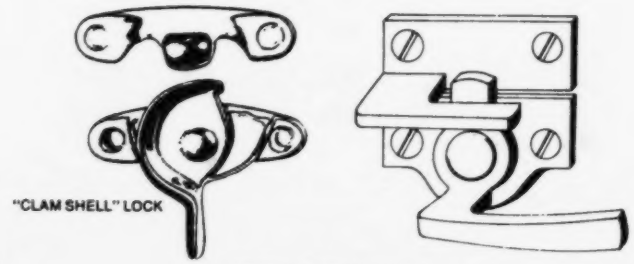


DEAD BOLT LOCK UTILIZING INTERLOCKING VERTICAL BOLTS AND STRIKER



SELF LOCKING DEAD LATCH

NOTE THAT THE SMALL PIN AT THE LEFT SIDE OF THE SPRING LATCH RENDERS THE LATCH IMMOBILE WHEN THE LOCK IS IN THE LOCKED POSITION

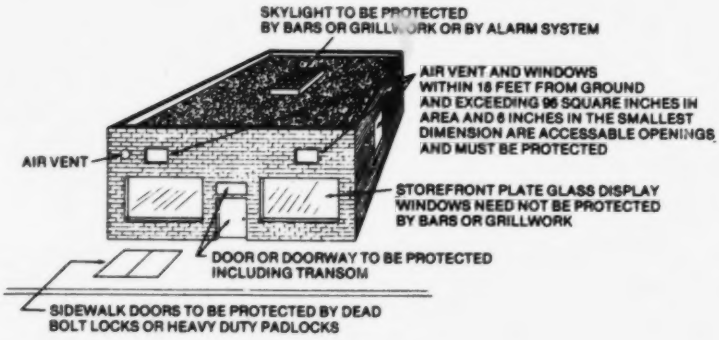


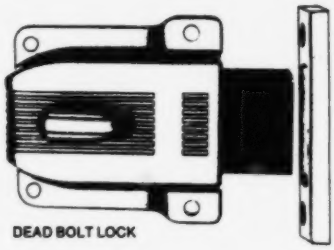
MINIMAL TYPE WINDOW LOCKS

Federal Crime Insurance Program

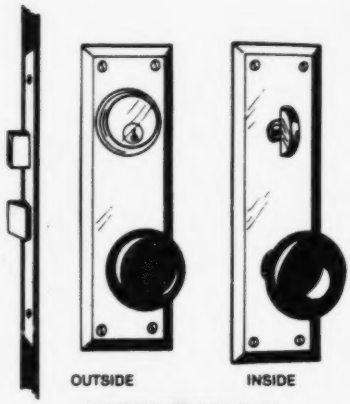
COMMERCIAL PROTECTIVE DEVICE REQUIREMENTS

(EXAMPLES OF ACCESSIBLE OPENINGS AND LOCKING DEVICES REFERRED TO IN THE PROTECTIVE DEVICE REQUIREMENTS)


SKYLIGHT TO BE PROTECTED
BY BARS OR GRILLWORK OR BY ALARM SYSTEM
AIR VENT AND WINDOWS
WITHIN 18 FEET FROM GROUND
AND EXCEEDING 96 SQUARE INCHES IN
AREA AND 6 INCHES IN THE SMALLEST
DIMENSION ARE ACCESSABLE OPENINGS
AND MUST BE PROTECTED
AIR VENT
STOREFRONT PLATE GLASS DISPLAY
WINDOWS NEED NOT BE PROTECTED
BY BARS OR GRILLWORK
DOOR OR DOORWAY TO BE PROTECTED
INCLUDING TRANSOM
SIDEWALK DOORS TO BE PROTECTED BY DEAD
BOLT LOCKS OR HEAVY DUTY PADLOCKS

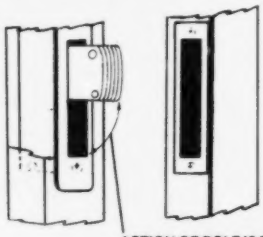


DEAD BOLT LOCK

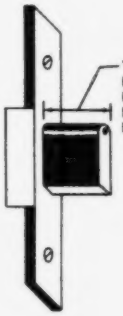


MORTISED DEAD BOLT LOCK
(Recessed into the edge of the door instead of the side)

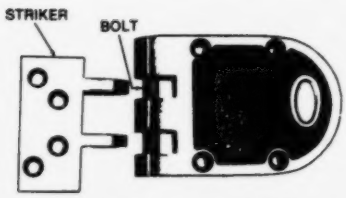
DEAD BOLT LOCK
FOR NARROW FRAME DOORS



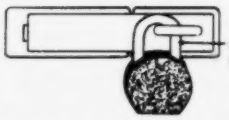
ACTION OF BOLT IS TO
SWING OUT AND UP



THE THROW OF THE LOCK IS ILLUSTRATED
BY THE DISTANCE WHICH THE BOLT EXTENDS
FROM THE EDGE OF THE DOOR WHEN THE
LOCK IS IN A LOCKED POSITION
MINIMUM OF 1" FOR COMMERCIAL



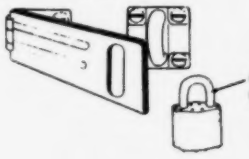
DEAD BOLT LOCK UTILIZING INTERLOCKING
VERTICAL BOLTS AND STRIKER



CASE HARDENED STEEL SHACKLE
(Should be minimum 3/8" thick)

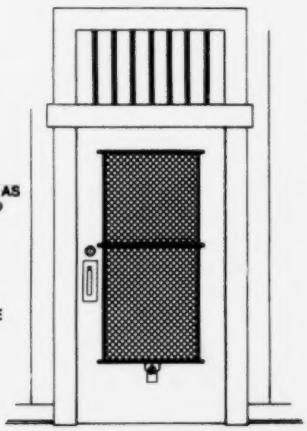
A HEAVY DUTY PADLOCK (3/8" Case hardened steel shackle) FIVE PIN
TUMBLER OPERATION

THE STEEL BAR AND STAPLE OF THE HASP SHOULD BE CASE HARDENED AS
IS THE PADLOCK SHACKLE, RECESSED SCREWS SHOULD BE CONCEALED
WHEN THE HASP IS CLOSED.



CASE HARDENED STEEL SHACKLE
(Should be minimum 3/8" thick)

EXAMPLE OF BARS AND GRILLWORK



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